MINUTES

VIRGINIA SMALL BUSINESS FINANCING AUTHORITY
BOARD OF DIRECTORS MEETING - LOAN BUSINESS
January 17, 2007 - 12:00 P.M.
Eighth & Main Building, 3rd Floor Conference Room
Richmond, Virginia

I. Voting members present: Hattie Hamlin, Bob Young (on behalf of The Honorable J. Braxton Powell), Jane-Scott Cantus, Leon Moore, Pallabi Saboo, and Jack Stephens.
Others present: Scott Parsons, Jasen Eige (Senior Assistant Attorney General), Barbara Carter, Mary Jo Sisson-Vaughan, Patty Thorne, Anna Mackley Cobb, and Patricia Musial.

II. Approval of Minutes - On a motion by Leon Moore, seconded by Bob Young, the minutes of the November 15, 2006, Board of Directors Meeting - Loan Business were unanimously approved. (Ms. Saboo was not present for the vote.)

III. Economic Development Loan Fund Application

A. Ocean Marine, LLC - City of Portsmouth - $535,556.63. Patty Thorne presented to the Board this request to refinance the balloon payment and extend the maturity date for an additional five years of the original $1,000,000 loan approved in August 1999 and funded in August 2001 through the Economic Development Loan Fund. On a motion by Jack Stephens, seconded by Leon Moore, the Board unanimously approved the request as presented.

IV. Child Care Financing Program Applications

A. Minnieland, A Child' s Place of Virginia, Inc. - $68,000 and Northern Virginia Academy of Early Learning, Inc. - $68,000 - Prince William County. Mary Jo Sisson-Vaughan presented these two loans to the Board. On a motion by Leon Moore, seconded by Bob Young, the Board of Directors unanimously approved both loans for $68,000 each through the Child Care Financing Program to purchases buses.

V. Ratification of Virginia Capital Access Program Claim - On a motion by Leon Moore, seconded by Bob Young, the Board of Directors unanimously approved the ratification of the payment of three claims under the Virginia Capital Access Program for the benefit of Branch Banking and Trust (BB&T).

VI. Board Review and Ratification of Loans Approved/Declined by Staff and Fund Accounting Report - On a motion by Bob Young, seconded by Pallabi Saboo, the loan decisions of $500,000 or less approved/declined by staff for November 2006 were unanimously ratified. Scott Parsons also briefly reviewed for the Board the fund accounting report as of November 30, 2006, which shows the cash available for financing projects in each loan program. Mr. Parsons mentioned that the staff's focus right now is on increasing awareness of the Authority's programs throughout the state and to help as many businesses as they can.

VII. Approval of VSBFA By-Laws - Scott Parsons presented the by-laws to the Board noting that no changes have been made to them since they were approved last year. On a motion by Leon Moore, seconded by Bob Young, the Board of Directors unanimously approved the VSBFA By-Laws for 2007 as presented.

VIII. Certification of the Economic Development Loan Fund (EDLF) Plan - Patty Thorne stated that federal government Economic Development Administration (EDA) requires grantees to have the EDA Revolving Loan Fund Grant plan certified. Ms. Thorne reviewed the plan noting the Authority's economic development strategy, goals, compliance, and standards for the portfolio, etc., and answered questions from Board members. On a motion by Pallabi Saboo, seconded by Jack Stephens, the EDA Revolving Loan Fund Grant plan was unanimously approved/certified by the Board.

IX. 501 c 3 Legislation and Fee Schedule - Scott Parsons gave a brief history on the Authority's legislation to issue bonds to non-profit entities with multi-jurisdictional projects which has caused concern for one jurisdiction. However, Mr. Parsons was pleased to report that Ms. Strayhorn, VDBA's director, was able to speak with the locality's officials who postponed the proposed legislation which could have impacted the Authority's bond issuances.

Mr. Parsons then presented to the Board a request from Kaufman & Canoles, P.C. asking the Authority to consider reducing its fee from 10 to five basis points on a pending bond deal. After discussion of the Authority's fee schedule, a final decision on changing the schedule was delayed until next month's meeting. However, the Board did agree to consider the request from Kaufman & Canoles' bond counsel.

X. Center for Rural Virginia - Scott Parsons told the Board about the Center for Rural Virginia, an entity created about two years ago by the state legislature to focus on the issues of rural Virginia (an area extending from Southwest Virginia to the Eastern Shore), specifically education and workforce training as well as access to capital. The Center has been great allies of the Financing Authority. Its board members were strong proponents last year in helping to get the $1,250,000 in the

budget and the Center has on its own initiative this year put forth a budget amendment request for $1MM for the Virginia Capital Access Program (VCAP). Mr. Parsons stated that he does not know whether or not the request will pass but that he wanted the Board to be aware of it.

XI. The meeting was adjourned by Vice Chairman Hamlin.